

## **NOTICE TO MEMBERS**

Notice is hereby given that the Twenty Fifth Annual General Meeting of the Members of Agro Tech Foods Limited will be held on Wednesday the 25<sup>th</sup> July, 2012 at 10.00 A.M. at Residency Hall, Hotel Green Park, Greenlands, Hyderabad – 500 016, Andhra Pradesh to transact the following businesses:

### **ORDINARY BUSINESS**

1. To receive, consider and adopt the Balance Sheet as at 31<sup>st</sup> March, 2012 and the Statement of Profit and Loss for the year ended on that date and the Report of the Directors and Auditors thereon.
2. To declare a dividend for the Financial Year ended 31<sup>st</sup> March, 2012.
3. To appoint a Director in place of Lt.Gen. D.B. Singh, who retires by rotation and, being eligible, offers himself for reappointment.
4. To appoint a Director in place of Mr. Sanjaya Kulkarni, who retires by rotation and, being eligible, offers himself for reappointment.
5. To appoint Auditors and to fix their remuneration. M/s. BSR and Co., Chartered Accountants (ICAI Registration No.128510W), the retiring Auditors are eligible for reappointment.

### **SPECIAL BUSINESS**

6. To consider and if thought fit, to pass, with or without modification, the following Resolution as a SPECIAL RESOLUTION:
  - I. "RESOLVED that approval be and is hereby granted for the amendment to the 'Agro Tech Foods Limited (ATFL) Employee Stock Option Plan'."
  - II. "RESOLVED FURTHER that for the purpose of giving effect to the above Resolution, the Board, Remuneration and Nominations Committee or any Committee of the Board by whatever name called, be and is hereby authorised to do all such deeds, matters and things and execute all such deeds, documents and writings as it may in its absolute discretion deem necessary and incur expenses in relation thereto".
  - III. "RESOLVED FURTHER that shares may be allotted in accordance with the Plan, directly to the employees or through a Trust which may be set up to enable the employees/Trust to acquire,

purchase or subscribe to the shares of the Company."

- IV. "RESOLVED FURTHER that the Board, Remuneration and Nominations Committee or any Committee of the Board by whatever name called, be and is hereby authorised to settle all questions, difficulties or doubts that may arise in relation to the implementation of the Plan, including to amend or modify any terms thereof in accordance with and subject to all applicable SEBI guidelines, without being required to seek any further approval or consent of the members."
- V. "RESOLVED FURTHER that the Plan be operated by the Board, Remuneration and Nominations Committee or any Committee of the Board by whatever name called such that the total number of shares granted and outstanding does not exceed 10% of the issued and subscribed share capital of the Company."
7. To consider and if thought fit, to pass, with or without modification, the following Resolution as a SPECIAL RESOLUTION:

"RESOLVED that pursuant to the provisions of Sections 198, 269, 309, 310, 314 read with Schedule XIII thereto and other applicable provisions, if any of the Companies Act, 1956 or any amendment or modification or re-enactment thereof, and subject to such approval or consents including the Central Government as may be necessary or required, the reappointment of Dr. Pradip Ghosh Chaudhuri as a Whole-time Director of the Company, with effect from 26<sup>th</sup> July, 2012 till 30<sup>th</sup> July, 2013 or the date of the next Annual General Meeting, whichever is earlier, (both days inclusive) on such remuneration including salary and perquisites as have been set out in the Explanatory Statement attached to the Notice convening this Annual General Meeting, a copy whereof initialed by the Chairman for the purposes of identification is placed before this Meeting, including a variation of such terms in salary and perquisites as approved by the Board on the recommendation of the Remuneration and Nominations Committee and agreed to by Dr. Pradip Ghosh Chaudhuri, be and the same is hereby approved."

## **Agro Tech Foods Limited**

8. To consider and if thought fit, to pass, with or without modification, the following Resolution as a SPECIAL RESOLUTION:

“RESOLVED that, the Members of the Company had at their Twenty Second Annual General Meeting held on 29<sup>th</sup> July, 2009 passed a Special Resolution according approval for payment of Commission of up to 1% of the net profits of the Company per annum for a period not exceeding five years with effect from 1<sup>st</sup> April, 2009 or such date as the Board may approve to the Non-Executive Independent Directors who shall receive individually commission not exceeding ₹ 2,50,000/- in a financial year. Subject to such approvals as may be necessary, the Commission payable to the Non-Executive Directors of the Company be increased by 25% to the existing sum being paid as Commission for a further period of 5 years, for each of the financial years of the Company, subject to the ceiling of being within 1% of the net profits of the Company, commencing from 1<sup>st</sup> April, 2011 as provided under Section 309(4) of the Companies Act, 1956 ('the Act'), and computed in the manner referred to in Section 198 (1) of the Act, or any amendment or modification thereof, in addition to the fee for attending the Meetings of the Board of Directors of the Company or any Committee thereof, to be divided amongst the Directors aforesaid in such manner as the Board may from time to time determine and in default of such determination, equally, provided that none of the Directors aforesaid shall receive individual commission exceeding ₹ 3,12,500/- in a financial year”.

9. To consider and if thought fit, to pass, with or without modification, the following Resolution as a SPECIAL RESOLUTION:

RESOLVED that pursuant to Section 163 and all other applicable provisions of the Companies Act, 1956 including any statutory modification or re-enactment thereof, hereinafter referred to as

the 'Act', consent and approval of the Company be and is hereby accorded for keeping the Register of Members, Index of Members and copies of all information pertaining to Annual Returns in relation to transfers / transmission and Register of Members, etc. prepared under Section 159 and 160 of the Act, together with copies of the certificates and documents required to be annexed thereto under Section 161 of the Act at the office of M/s. Karvy Computershare Private Limited having their office at 17-24, Vittal Rao Nagar, Madhapur, Hyderabad - 500 081 instead of being kept at the Registered Office of the Company or at the erstwhile Registrar and Share Transfer Agent of the Company, M/s. Sathguru Management Consultants Private Limited, Plot No.15, Hindinagar, Behind Shirdi Sai Baba Temple, Punjagutta, Hyderabad - 500 034, with effect from such date as may be decided by the Board of Directors.”

### **BOOK CLOSURE**

The Register of Members and Share Transfer Books of the Company shall remain closed from Tuesday, 17<sup>th</sup> July, 2012 to Wednesday, 25<sup>th</sup> July, 2012 (both days inclusive). Share Transfers received in order by 6.00 p.m. on 16<sup>th</sup> July, 2012, will be in time to be passed for payment of dividend, if declared, to the transferees or to their mandatees and the dividend, if declared, will be paid on 24<sup>th</sup> August, 2012, to those Members entitled thereto and whose names shall appear on the Register of Members of the Company on 25<sup>th</sup> July, 2012, or to their mandatees, subject however to the provisions of Section 206A of the Companies Act, 1956, or any amendment or modification thereof. In respect of dematerialized shares, the dividend will be payable on the basis of beneficial ownership as on 16<sup>th</sup> July, 2012, as per details to be furnished by National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL) for this purpose.

Date: 26<sup>th</sup> April, 2012

Registered Office:  
31, Sarojini Devi Road  
Secunderabad – 500 003  
Andhra Pradesh  
India

By Order of the Board  
For **Agro Tech Foods Limited**

**Phani K Mangipudi**  
Company Secretary

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### **NOTES:**

1. In accordance with the Provisions of Section 173 of the Companies Act, 1956 and the Listing Agreement an Explanatory Statement in respect of item Nos. 6, 7, 8 and 9 being items of Special Business is annexed.
2. A Member entitled to attend and vote on a poll is entitled to appoint a Proxy to attend and vote instead of himself and the Proxy need not be a Member. Proxies in order to be effective must be received by the Company not less than forty eight hours before the Annual General Meeting.
3. Members are requested to bring their copies of the Reports and Accounts to the Meeting.
4. Members are requested to notify any change in their address to Agro Tech Foods Limited, 31, Sarojini Devi Road, Secunderabad-500 003, Andhra Pradesh.
5. As part of a Green Initiative by the Ministry of Corporate Affairs, the Members who wish to receive the notice / documents through e-mail, may kindly intimate their e-mail addresses to the Company's Compliance Officer at phani.mangipudi@atfoods.com

## **EXPLANATORY STATEMENT PURSUANT TO SECTION 173 (2) OF THE COMPANIES ACT, 1956 AND THE LISTING AGREEMENT**

### **Item No. 6**

The Members of the Company had approved the Agro Tech Foods Limited (ATFL) Employee Stock Option Plan at the Annual General Meeting held on 28<sup>th</sup> July, 2006. The ATFL Employee Stock Option Plan devised by the Board of Directors had suggested a cap of 5% on the issued and subscribed share capital of the Company vis-à-vis, the cumulative grant size which may be allotted and implemented by the Remuneration and Nominations Committee. This cap was envisaged to take care of the options which may be granted to the then employees of the Company to align managerial performance with long term shareholder value creation, as well as build a sense of ownership among the employees. This was also done in order to build ownership, motivate and retain talent as well as make compensation competitive.

Your Company has made tremendous progress over the years since the implementation of the Plan and so also the need to expand the scope of quantum of the options that may be allotted to the employees within the Company. To facilitate the Remuneration and Nominations Committee to achieve this objective, the Board of Directors has recommended to amend the terms of the ATFL Employee Stock Option Plan approved by the Members to the extent of the total number of options to be granted. The Board recommends that the total number of options that may be granted and outstanding under the scheme shall not exceed 10% of the issued and subscribed equity capital of the Company. All the other terms and conditions as approved earlier shall remain unchanged. Also, the variation recommended by the Board of Directors is not detrimental to the interests of any employee of the Company.

### **The terms of the plan are as follows:**

**Eligibility:** The Scheme will be applicable to all employees. The Remuneration and Nominations Committee will at the beginning of each financial year determine the specific employees or class of employees who will be eligible for award.

**Frequency of Grant:** The grants may be made at such frequency as considered appropriate by the Remuneration and Nominations Committee keeping

in view the competitive compensation scenario, the talent market and such other factors as may be relevant.

**Award Size Criteria:** The total number of options to be granted at any time as well as the number of options to be granted to an individual employee will be based on performance and/or such other criteria as may be determined by the Remuneration and Nominations Committee.

**Exercise Price:** The exercise price shall be the fair market value at the time of grant. The Remuneration and Nominations Committee shall determine the fair market value in line with SEBI guidelines and any other applicable guidelines.

**Vesting:** The vesting period and the schedule of vesting may be determined by the Remuneration and Nominations Committee at the time of grant in line with SEBI guidelines.

**Option Term:** The options will have a maximum term of 10 years from the date of grant. Any options not exercised within this period shall lapse.

**Source of Shares:** The scheme shall not result in fresh issue of shares. The shares required to meet the exercise of options will be obtained from secondary market purchases through a Trust to be set up for this purpose.

**Total Number of Options to be Granted:** The total number of options granted and outstanding under the scheme shall not exceed 10% of the issued and subscribed equity capital of the Company.

**Minimum Holding Requirement:** All participants will be required to hold a portion of the options exercised for the period of their employment with the Company. The quantum of minimum holding will be determined by the Remuneration and Nominations Committee.

**Terminal Conditions:** The Remuneration and Nominations Committee shall determine the treatment of unvested and vested options in the event an employee leaves the employment of the Company in line with SEBI guidelines.

**Administration of the Scheme:** The Remuneration and Nominations Committee shall be responsible for administering the scheme and compliance with the

## **Agro Tech Foods Limited**

SEBI Guidelines and any other applicable guidelines, rules or regulations.

**Accounting:** The Remuneration and Nominations Committee shall determine from time to time the valuation and accounting methodology for the options issued under this scheme. In case the Company calculates the employee compensation cost using the intrinsic value of the stock option, the difference between the employee compensation cost so computed and the employee compensation cost that shall have been recognized if it had used the fair value of the options, shall be disclosed in the Directors' Report and also the impact of this difference on profits and on EPS of the Company shall be disclosed in the Directors' Report.

### **Interest of Directors :**

Except Dr. Pradip Ghosh Chaudhuri, the Whole-time Director of the Company, none of the Directors may be deemed to be interested or concerned in the Special Resolution.

The members' approval is sought for the amended ATFL Employee Stock Option Plan. A copy of the Plan will be available for inspection by the Members on any working day from 17<sup>th</sup> July, 2012 to 25<sup>th</sup> July, 2012 between 9.00 AM to 5.30 PM at the Registered Office of the Company.

Your Directors recommend the Resolution for your approval.

### **Item No. 7**

The Board of Directors on the recommendation of the Remuneration and Nominations Committee recommended for approval of the Members, the reappointment of Dr. Pradip Ghosh Chaudhuri as Whole-time Director of the Company with effect from 26<sup>th</sup> July, 2012 till 30<sup>th</sup> July, 2013 or till the date of the next Annual General Meeting, whichever is earlier on the following remuneration:

#### **(i) Salary:**

₹1,65,000/- per month with annual increments (which in accordance with the Rules of the Company is 1<sup>st</sup> July every year) up to a maximum of 25% with liberty to the Board of Directors to sanction any further increase over and above the mentioned percentage as it may in its absolute discretion determine.

#### **(ii) Perquisites:**

In addition to the aforesaid salary, Dr. Pradip Ghosh Chaudhuri shall be entitled to perquisites like medical reimbursement, leave travel concession for self and family, club fees, personal accident insurance, ESOP, performance linked incentive by whatever name called, etc in accordance with the Rules of the Company, the monetary value of such perquisites being limited to ₹ 35/- Lakhs per annum, for the purposes of which limit, perquisites shall be evaluated as per Income Tax Rules, wherever applicable, and in absence of any such Rule, perquisites shall be evaluated at actual cost. However, the following shall not be included in the aforesaid perquisite limit:

- a. Rent free furnished accommodation owned/leased/ rented by the Company or Housing Allowance in lieu thereof, as per the Rules of the Company.
- b. Contribution to Provident Fund and Superannuation Fund up to 27% of salary and contribution to Gratuity Fund up to 5% of salary as defined in the Rules of the respective Funds, or up to such other limit as may be prescribed under the Income Tax Act, 1961 and the Rules there under for this purpose.
- c. Gratuity payable at the rate not exceeding half a month's salary for each completed year of service.
- d. Use of Company car for official purposes and telephone at residence (including payment for local calls and long distance official calls).
- e. Encashment of unavailed leave as per the Rules of the Company at the time of retirement/cessation of service.
- f. Long service award as per the Rules of the Company.
- g. Costs and expenses incurred by the Company in connection with joining/ transfer from one location to another as per the Rules of the Company.



## **Agro Tech Foods Limited**

### **(iii) Minimum Remuneration:**

In the event of loss or inadequacy of profits in any year during the period of his reappointment, Dr. Pradip Ghosh Chaudhuri will be paid remuneration including perquisites as per Schedule XIII of the Companies Act, 1956 or such other limit as may be prescribed under the Companies Act from time to time.

Dr. Pradip Ghosh Chaudhuri will not be entitled to any sitting fee for attending Meetings of the Board or of any Committee thereof.

The aforesaid reappointment and remuneration payable to Dr. Pradip Ghosh Chaudhuri may be further varied, altered or modified as may be agreed to by the Board of Directors and Dr. Pradip Ghosh Chaudhuri, in the light of any amendment/modification of the Companies Act or any re-enactment thereof within the limit prescribed under Schedule XIII of the Companies Act, 1956.

Dr. Pradip Ghosh Chaudhuri is the General Manager – Manufacturing of your Company. He is M.Tech, Ph.D with more than 37 year's experience in Industry. He joined the Company in 1996. Dr. Pradip Ghosh Chaudhuri has done his M. Tech in Chemical Engineering & Chemical Technology from Applied Chemistry Dept, Calcutta University and completed his Doctoral from same Institute under Prof. D. K. Bhattacharjee. He published research papers in National & International Journals. He has 37 years of research & industrial experience in oils & fats and allied fields and worked in past with Swastik Industries, Gem Refineries and K. N. Oil Industries in various parts of India who are pioneers in processing /export of edible ricebran oil and exotic confectionary fat of Indian origin. His contributions to the Company have been invaluable.

Your Directors consider that it would be appropriate and desirable to reappoint him as his experience will be beneficial to the Company. Dr. Pradip Ghosh Chaudhuri continues to hold office as General Manager - Manufacturing. As appointment and remuneration are subject to compliance with the requirement of Section 314 and other applicable provisions of the Companies Act, 1956 your Directors commend passing of the Special Resolution set out in the Notice of the Meeting.

### **Interest of Directors**

Excepting Dr. Pradip Ghosh Chaudhuri, who is interested in his reappointment and the

remuneration/minimum remuneration payable to him, no other Director of your Company is concerned or interested in the said Resolution.

This may be treated as his memorandum issued pursuant to the provisions of Section 302 of the Companies Act, 1956.

Your Directors recommend the Resolution for your approval.

### **Item No. 8**

The Members of the Company had accorded their approval for payment of Commission to its Non-Executive Independent Directors such that each of the Directors individually shall not receive more than ₹ 2,50,000/- in a financial year. This payment was approved for a period of 5 years commencing 1<sup>st</sup> April, 2009.

The Board of Directors of the Company at their Meeting held on 25<sup>th</sup> October, 2011 recommended for an enhancement in the Commission payable to the Non-Executive Independent Directors to be in line with the current trends and commensurate with the contribution the Independent Directors make to support the Company in achieving its objectives and philosophy of building the Best Performing Most Respected Foods Company in India.

The Board suggested that the Commission be increased by 25% to the existing sum being paid as Commission for a further period of 5 years, for each of the financial years of the Company commencing from 1<sup>st</sup> April 2011, as set out in this Special Resolution.

### **Interest of Directors**

Only the Non-Executive Independent Directors of your Company may be deemed to be interested or concerned in this Special Resolution.

Your Directors recommend this Special Resolution for your approval.

### **Item No. 9**

The activities pertaining to share transfer, transmission, dematerialization, etc., were being carried out with effect from 29<sup>th</sup> August, 1990 by M/s. Sathguru Management Consultants Private Limited, Plot No. 15, Hindi Nagar, Punjagutta, Hyderabad – 500 034. Since, the above Registrar conveyed that they are closing down their Registry operations, the Board of Directors at their Meeting held on 25<sup>th</sup> October, 2011 appointed M/s. Karvy Computershare Private

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Limited, Hyderabad as its Registrar & Share Transfer Agent of the Company.

The above change in Registrar & Share Transfer Agent would result in moving the Register of Members, copies of Annual Returns etc., to the premises of the new Registrar & Share Transfer Agent, viz., Karvy Computershare Private Limited, Hyderabad.

Date: 26<sup>th</sup> April, 2012

Registered Office:  
31, Sarojini Devi Road  
Secunderabad - 500 003  
Andhra Pradesh  
India

The approval of the Members is required to be obtained for the aforesaid arrangement.

### **Interest of Directors**

None of the Directors may be deemed to be interested or concerned in this Special Resolution.

Your Directors recommend this Special Resolution for your approval.

By Order of the Board  
For **Agro Tech Foods Limited**

**Phani K Mangipudi**  
Company Secretary